



DEMO MARKET REPORT & MARKET OUTLOOK – Feb 6, 2023

Report No. 10/30030223/060223

COMMENTARY

INDIA – Local steel plate prices dropped by USD 6/MT as compared to last week and there was no change in prices of imported scrap. Exchange rate of USD to INR crossed the 82 mark to 82.22 but again improved to 81.89 by week end. Indian National Budget has proposed increase in capital expenditure on infrastructure projects by 33% over previous year. Total capital expenditure of about USD 122.3 billion is proposed on infrastructure projects covering steel, coal, food grains, ports and fertilizer. This would result in increased steel demand in the country over this year but how much it translates to additional business in Alang is not clear immediately. Local demand is weak at present and traders are preferring to hold on to the purchasing. Ship recyclers have maintained prices at same levels as last week. We would expect prices for fresh tonnages to remain at about same levels considering that there is low supply of fresh tonnages squaring up the present lower local demand.

PAKISTAN – Change in government policy (of removing limit on dollar-rupee rate) has resulted in the official dollar-rupee rate now close to parallel market. There has been about 20% drop in the rupee value against dollar over past 2 weeks. However, due to this policy change, there has been a resumption of inward remittances and this is expected to slowly start easing foreign exchange problems in a few weeks. The government is also working towards fulfilling IMF conditions. In the meanwhile, prices of steel increased locally due to currency devaluation and increase in raw material cost as there have been no imports. Ship recyclers are not able to make any fresh purchases of ships for recycling due to foreign exchange problems. With resumption of inward remittances, we should expect slow and gradual improvement in the foreign exchange position in the coming weeks.

BANGLADESH – While there has not been any change in foreign exchange supply position, we have seen over past few weeks that some ship recyclers have been able to manage establishing LCs for smaller units. Local steel plate price have improved by about USD 20/ MT last week. This though is mainly due to lower supply and increasing material costs. Local demand for steel continues at a slower pace. Prices offered by ship recyclers improved by about USD 20/ LT LDT though we will not see many transactions. In the meanwhile, there are more ship recyclers who are ready to buy fresh tonnages compared to previous week. We would expect prices to remain firm.



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TURKEY – There has been an increase in prices of imported scrap during the week by about USD 7/ MT. Prices offered by local mills for ship scrap improved by USD 5/ MT which is due to strong local demand. Supply of fresh tonnages continues to be slow except for EU listed yards which are busy. There has not been any change in prices offered by ship recyclers this week but we could expect a marginal improvement in prices offered by ship recyclers.

CHINA – With effect from 1.1.2019, China has stopped accepting any foreign flagged ship for recycling as per directives from Government. Breakers now can only recycle local ships from China.

SUPPLY – While the supply of fresh tonnages for recycling continues to be slow, we have seen more units being offered this week as compared to the previous week. We have seen more candidates from the dry segment this week.

MARKET OUTLOOK – There have been indications of possible improvement of freight rate in dry segment and we need to see over the next week or two if this would result in slow down of dry units being sent for recycling. We may not see tankers for recycling for some time due to the good freight rate and secondhand market enjoyed by this segment. The container segment is still a promising segment from a recycling point of view in the next few months. Since there is a lesser supply of tonnages, we would expect prices for fresh tonnages for recycling to remain stable with a marginal possibility to firm up.

GREEN RECYCLING:

1. Bangladesh could become a signatory to the Hong Kong Convention (HKC) by September 2023 which means all the three conditions required for ushering in of HKC can be easily fulfilled thereafter. If this happens, it will result in HKC coming into force in 2025. Whether Bangladesh ratifies HKC this year needs to be seen as their downstream waste management facility is expected to be completed only by 2025 in SENSREC Phase III.
2. EU Commission will review the EUSRR to check if the objectives of the regulation are being met and the main points of attention identified by EU Commission are specially with reference to re-flagging prior dismantling and enforcement system amongst



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others. Such changes in the regulations though may not likely come into effect within a year or two due to the processes required to be completed before making any changes.

GLOBAL – GENERAL NEWS –

- Post-Chinese New Year rally in billet segment has been disappointing so far which could lead to softening of steel prices.
- There was an increase in hiring in the month of January, taking the jobless rate in the USA to 53 years' low. This could increase the possibility of a hawkish approach by fed on interest rates and could affect other global currencies.

MAIN DEMOLITION SALES DATA FOR PERIOD JAN 30th Jan – FEB 3rd, 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
LPG	Gas Spirit I	1980	55173	20300		As is Fujairah
Bulker	Samc Responsibility	2003	175775	24181	520	As is China
Bulker	Jasmine 201	1999	73807	9928		Ctg
Heavy Lift	Kamo	1998		4426		Ctg - HKC
Bulker	Mahavir	2000	74005	10540	515	As is Colombo, we believe that there is some ongoing court issue being worked upon

MAIN DEMOLITION SALES DATA FOR PERIOD JAN 1ST – FEB 3RD 2023

Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Gen Cargo	Fu Ocean	1998	12000	3531	498	As is Batam
Tanker	Honour Luck	1988	5204	2044	523	Ctg
Tanker	De Xiang	1990	4978	1820	530	Ctg
Pallet Carr	Hakuru	1991	2510	5954		Alang
Reefer	Yong Hang 3	1993	11585	5701		Alang
Container	Vladivostok	1998	23800	7447		Alang
Container	Maersk Aberdeen	1999	17526	5966		As is Jebel Ali



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Type	Name of Vessel	Built	DWT	LDT	Price	Remarks
Fish Factory	Pioneer Nikolayeva	1981	1815	3889	650	Alang, vsl has high non-ferrous content
Bulker	Lila Kyoto	1999	172566	20886	517	Original Pakistan sale did not materialise
Container	Akinada Bridge	2001	71336	23911	575	Original Pakistan sale did not materialise
Bulker	Pitsa D	2002	170109	23001		Gadani, incl bunker 850 MT
Bulker	Murat Bay	1990	42025	6729		Gadani
RORO	Super Shuttle RORO	1986	6897	5382		Alang
Container	SSL Kochi	1998	24554	8361	581	As is Srilanka/Jebel Ali in Seller's option
Container	Wan Hai 161	1996	17738	5194		Alang / HKC
Container	Wan Hai 162	1996	17697	5235		Alang / HKC
Container	Wan Hai 163	1998	17706	5233		Alang / HKC
Container	Wan Hai 165	1998	17697	5222		Alang / HKC
Container	Wan Hai 215	1994	23801	6999		Alang / HKC
Container	Wan Hai 216	1994	23837	6963		Alang / HKC
Container	Wan Hai 221	1994	23802	6998		Alang / HKC
Container	Wan Hai 222	1994	23805	6995		Alang / HKC
Container	Wan Hai 223	1994	23802	7001		Alang / HKC
Container	Wan Hai 225	1994	23792	7008		Alang / HKC
MPP	Boston	1981	1773	800		Denmark
LPG	Gas Spirit I	1980	55173	20300		As is Fujairah
Bulker	Samc Responsibility	2003	175775	24181	520	As is China
Bulker	Jasmine 201	1999	73807	9928		Ctg
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STATISTICS

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN JAN 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 31 st Jan)	16	116,200	15	53,676	05	81,638
2022 (Till month end)	13	61,392	21	236,502	10	98,568
2021 (Till Month end)	28	227,855	10	166,339	06	77,431

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – UPTO JAN 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 31 st Jan)	16	116,200	15	53,676	05	81,638
2022 (Till month end)	13	61,392	21	236,502	10	98,568
2021 (Till month end)	28	227,855	10	166,339	06	77,431

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – IN FEB 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 3 rd Feb)	01	3,899	00	00	00	00
2022 (Till month end)	16	88,552	10	80,626	07	70,005
2021 (Till Month end)	12	91,163	25	347,273	06	22,294

VESSELS AND QUANTITY LDT BEACHED IN INDIAN SUBCON – UPTO FEB 2023, 2022, 2021

	INDIA		BANGLADESH		PAKISTAN	
	Vessel	LDT – LT	Vessel	LDT – LT	Vessels	LDT – LT
2023 (Till 3 rd Feb)	01	3,899	00	00	00	00
2022 (Till month end)	29	149,944	31	317,128	17	168,573
2021 (Till month end)	40	319,018	35	513,612	12	99,725



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Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

India	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 3rd Feb)	Feb 2023	540	530	590	540	515
(Till month end)	Feb 2022	605	600	625	625	
(Till month end)	Feb 2021	420	410	465	445	
(Till month end)	Feb 2020	390	380	425	400	

**We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Bangladesh	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 3 rd Feb)	Feb 2023	550	555	580	580	555
(Till month end)	Feb 2022	665	655	680	680	
(Till month end)	Feb 2021	455	445	460	460	
(Till month end)	Feb 2020	380	365	390	385	

**We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 3% Add Comm)

Pakistan	Year	DRY			WET	
		Cape / Pmx	Handymax	Container	Others	VLCC
(On 3rd Feb)	Feb 2023	555	545	585	565	520
(Till month end)	Feb 2022	655	650	670	670	
(Till month end)	Feb 2021	455	445	455	460	
(Till month end)	Feb 2020	385	375	390	395	

**We have introduced VLCC as a separate item in Wet segment from Jan 2023 onwards*

Indicative Price Levels for February in Current Year Vs Previous Years (Prices LT/LDT, less 2% Add Comm)

Turkey	Year	DRY	WET	CONTAINER
(On 3 rd Feb)	Feb 2023	300	310	320
(Till month end)	Feb 2022	370	370	
(Till month end)	Feb 2021	245	255	
(Till month end)	Feb 2020	240	245	

**We have introduced Container pricing from Jan 2023 onwards*

Disclaimer: The information has been drawn from Wirana Shipping Corporation's (WSC) database and other sources. All efforts have been made to ensure that information contained in this report is accurate. While WSC has taken reasonable care in compilation of information, WSC makes no representations or warranties and cannot accept responsibility for error, omission or consequences therefrom.